



September 18, 2024

National Stock Exchange of India Limited

BSE Limited

Symbol: NYKAA

Scrip Code: 543384

Dear Sirs,

Sub: Chairperson's Speech at the 12th Annual General Meeting held on September 18, 2024

Please find enclosed the Chairperson's Speech as delivered at the 12th Annual General Meeting of the Company held today.

We request you to take the same on record.

Thanking You.

Yours faithfully,

For FSN E-Commerce Ventures Limited

Neelabja Chakrabarty
Company Secretary and Compliance Officer

Encl: a/a



CHAIRPERSON'S SPEECH AT THE 12TH ANNUAL GENERAL MEETING

Good afternoon, ladies and gentlemen,

It is my great honor to welcome you all to Nykaa's 12th Annual General Meeting. On behalf of the Board of Directors, I would like to thank each of you for taking out the time to join us.

Dear Shareholders,

I am thrilled to share that FY24 was another year of robust growth for Nykaa. We achieved a consolidated GMV of over \$1.6 billion, that is, over Rs. 12,446 Crores.

Growing from just over 1,700 Cr in FY20 pre covid, our net revenue reached INR 6,386 crores, a 24% increase over the previous year. Nykaa achieved an EBITDA of Rs. 346 Crores, a growth of 35% over the previous year, and an EBITDA margin of 5.4%.

Over the last few years, our business has become increasingly diversified. Nykaa's business today operates across platforms, categories, platforms, brands and distribution channels.

Through the two verticals of beauty and fashion we have cumulatively serviced over 33 million customers, and annually witness close to 2 billion visits from our engaged user base. Within the last year we witnessed over 15 million customers transacting across our platforms, allowing us a 30% online market share in beauty and a 15-18% online market share in premium fashion.

It is hard for me to imagine that we have collectively built this company with significant market share, customer reach and love across the length and breadth of the country in such a short span of time. Over the span of the last 12 years, we have truly come a long way, and I would like to share a short video showcasing our exciting journey over the years.

That glimpse of our journey is underscored through the fact that our business has become increasingly diversified over the last 5 years – allowing us to cater to a large total addressable market, growing from \$12 billion in 2018 to over \$114 billion today and will exceed \$200 billion by 2028.

Till 2018, our GMV was solely comprised by the beauty vertical. Today, the Beauty vertical makes up about 73% of our GMV, while Fashion contributes 27% to our GMV.

In spite of the impressive diversification of our overall business through fashion, the beauty vertical is expected to continue to be the predominant share of the consolidated revenues over the next 5 years.

Let me begin with details of our Beauty business.

Our beauty business GMV for FY24 was INR 9,054 crores, up from INR 7,058 crores in FY23, growing at a compound annual growth rate (CAGR) of 41% over a 5-year period.

This year the beauty platform Nykaa crossed a cumulative customer base of 25 million and witnessed over 12 million unique transacting customers within the year.

These numbers underscore our ability to drive superior digitally-led beauty experiences and delight, within each of the 1 billion+ annual app visits we receive on our platforms

We believe that Nykaa's customers represent one of the most highly engaged customers in ecommerce – with customers visiting our platform on an average over 50 times in a year.



Today, we retail over 3,600 brands, from the biggest global brands to niche cult favourites, alongside homegrown beauty brands.

We have a very successful track record of launching and growing global luxury brands in the country over the past decade. Huda Beauty, Charlotte Tilbury and e.l.f cosmetics are just a few examples of brands that we have launched in India.

Nykaa has played a crucial role as both a brand builder and growth catalyst for global brands to build their India business and through 'The Global Store' offering which has grown to a portfolio of 39 brands.

Key exclusive global brand launches this year were Fenty Beauty, Urban Decay, Colourpop, Elemis, Redken and more, strengthening our position as the platform of choice for global beauty trends in India.

We also launched numerous global and homegrown Indian brands in the year, strengthening our offerings for the Indian consumer.

We have continuously expanded our physical retail presence, and today, we have crossed the 200 stores milestone. We have the largest network of beauty specialty stores in India, with presence in 72 cities across three formats – Luxe, On Trend and Kiosks.

Our physical retail business, which contributes to 8% of our omnichannel beauty GMV is not only growing rapidly and expanding the footprint, but it's also growing profitably.

These stores, which span over 1.9 lakh square feet, continue to offer and expand on Nykaa's unique immersive and curated beauty experiences.

This year also witnessed the launch and addition of a new flagship luxury store format to our network – These stores are much larger in size and will serve as a destination for an immersive beauty experience for our customers and beauty enthusiasts.

We have opened two such flagship stores in Mumbai, and will see many more to launch in the coming year

Here is a video showcasing our first such flagship store in Mumbai.

Through Nykaa Luxe we are able to drive a true omnichannel experience for the premium and luxury brands, allowing our brand partners to engage with consumers deeply and drive sophisticated experiences both online as well as offline.

Digitally, we achieve this through a dedicated Luxe storefront which has a completely differentiated shopping experience, including its look and feel. Physical retail is an essential element for luxury brands and our retail operations forms a significant share of many luxury brands' business. We are also upgrading our stores to make customers' luxury shopping journey more experiential.

These are some of the examples in which Nykaa is leading the way in defining how physical retail can be built for beauty;

- 1) Through personalized shop-in-shops for brand storytelling
- 2) Services in stores and experiences
- 3) And driving events such as masterclasses and beauty bars



In the past year, we also hosted India's first beauty festival 'Nykaaland' in November 2023, hosted over two days, which was a first of its kind, innovative beauty event and received an incredible response from all.

The festival was a resounding success, witnessing participation of over 80 global and local brands and saw 15,000+ beauty enthusiasts enjoy brand booths, masterclasses, interactive games, and experiences.

With more than 800 influencers and key opinion leaders, the festival generated an impressive 5.5 billion+ online impressions, accelerating the growth of the beauty market.

We will be hosting the 2nd edition of Nykaaland as a three-day event in October this year.

I would like to talk about our supply chain and warehousing capabilities.

As our orders grew over 2.6x in last 3 the years, we have invested significantly in our warehouse network over a similar period by going closer to the consumer, to be able to drive customer delight through speed and efficiency - all aided by intelligent warehouse management technology.

Our warehouse network stood at 18 in FY21 and has increased to reach 44 in FY24.

Our regionalization strategy has helped us reduce our average order-to-delivery timeline over the years. In FY21, on average, our order to delivery timeline was 4 days. Today, we have reduced that drastically, whereby the average order to delivery timeline on our platform across the length and breadth of India is now slightly over 2 days.

We are working towards making further strides towards delivery timelines by leveraging our supply chain network and technology to drive customer delight.

Today, I am excited to announce that we have taken our delivery speed another step ahead, by introducing and ramping up Same Day and Next Day Delivery.

We have expanded this offering over the last few months and today, within the top 12 cities in the country, over 65% of all orders are fulfilled within the next day itself.

And for the top 110 cities, 60% of all orders are fulfilled within the next day itself. These cities today account for two-thirds of Nykaa's overall order volumes.

We will continue to expand this proposition through the year

Now I'd like to talk about our owned brands across the beauty and fashion verticals.

Our owned brands portfolio across beauty and fashion today represents a wide range of unique brands across categories and customer propositions and aim at solving real customer problems.

Some of these brands have witnessed scale and we aim to continue to accelerate their growth.

We are also very excited about our smaller nascent brands in the beauty as well as the fashion owned brands portfolio.

Nykaa is in a unique position as a company that has found success in both models - by building some brands from scratch, and by building some by acquiring, integrating and growing using the Nykaa playbook.



Some of our brands retail exclusively on the Nykaa platforms, and some of our brands have deep and extensive third-party distribution online and well as offline.

Hence, we are building an increasingly large and sophisticated consumer brands company within the Nykaa ecosystem.

Our brands deeply resonate with consumers, and I would like to highlight some of them today. I will start with Nykaa Cosmetics

Over the year the brand has led very exciting innovation across product formats – and this has resonated with the Indian consumers for its functionality as well as unique offering

Next, Kay Beauty

We are proud to have launched India's very first celebrity brand Kay Beauty, our award-winning collaboration with Katrina Kaif

Kay Beauty continues to grow in scale and customer love year on year and is paving the way for beauty brands in India

Through a focus on high-performance makeup and truly innovative products, the brand has been able to build a loyal following and continues to win the hearts of beauty enthusiasts across the country.

Wanderlust – our bath and body brand, inspired by travel to transport consumers to the sights and smells of various destinations – drives a sensorial experience through its high quality range of shower gels, body scrubs, lotions and moisturizers and much more.

Dot & Key is a differentiated skincare solution brand that is effective, safe and fun to use. It was established in June 2018 and has been profitable since fourth quarter of 2023. Nykaa acquired 51% stake in Dot & Key in September '21.

And since joining the Nykaa family, the brand has been growing at a fantastic pace whereby in FY24 it had grown 9x from 3 years earlier. And this growth continues to accelerate.

Dot & Key has been a fantastic investment by Nykaa, and Nykaa has decided to acquire an additional 39% stake at a cost of INR 265 crores. Hence, we have now expanded our stake in Dot & Key now to 90%.

The brand has witnessed much love from consumers for its differentiated assortment, unique packaging, product innovation and more – Dot & Key has a high average rating of 4.4 on 5 on the Nykaa platform.

Earth Rhythm is a D2C new age brand specializing in skincare, makeup, haircare, and bath and body products. They were established in 2019, and they have over 250 SKUs.

It's sustainable and inclusive. It's certified organic plant-based, 99% plastic free. It's good for you and good for the Earth. Earth Rhythm isn't just their name, but it's a commitment to producing the purest, healthiest products and educating everyone on why being Earth conscious is so important.

Nykaa took a minority stake in Earth Rhythm of 18.57% in April of 2022.

We have now acquired a majority stake in the brand.



Its GMV has grown over 8x since FY21 and we are excited for its journey now that it joins the Nykaa family, allowing us to replicate the Nykaa playbook for Earth Rhythm.

I wanted to showcase some of our fashion brands next.

Here are Nykd and Kica which are brands within our lingerie and activewear portfolio.

Nykd has witnessed incredible consumer love since its launch through its simple yet powerful mission to simplify lingerie for Indian women. The brand's mission is to create thoughtfully designed lingerie that feels like a "second skin", offering the perfect blend of style, functionality, and comfort.

The brand retails through our owned as well as third party platforms and has grown very quickly to become a national brand, and is profitable.

Here we have some of our Indianwear brands

Here we have some of our westernwear brands

I would now like to talk about our eB2B venture, Superstore By Nykaa.

In a relatively short period, we've developed a technology-driven B2B platform that empowers underserved retailers across the nation, expanding their reach and enabling greater access for their end consumers through education, data and availability of a wide range of popular brands.

The traditional distribution networks are unable to comprehensively service retailers across the length and breadth of the country and this is where we are able to play a critical role for retailers. With Superstore, we have been able to truly serve underserved retailers

At the same time, we are able to help brands of all sizes and scale – reach consumers in all parts of the country, allowing democratization of distribution capabilities.

Superstore By Nykaa has now expanded its reach to over 1,000 cities in FY24, which stood at over 300 cities just two years before

Along with improved reach, the business itself has seen rapid growth over the last two years.

The business witnessed a GMV scale of close to Rs. 600 Cores, growing 84% year over year by serving approximately 200,000 transacting retailers across 1.2 million orders annually from all over the country.

With Superstore, we have been able to truly serve underserved retailers – 86% of our sales in FY24 have come from tier 2+ locations.

The business also witnessed significant improvements in its unit economics over the course of the year – with a contribution margin improvement of over 900 bps in FY24 vs. FY23.

The primary drivers for this were higher gross margins, improved fulfilment costs led by economies of scale as well as a concerted regionalization strategy, and reduced sales and distribution costs owing to improved sales team productivity.

This translates to a significant ~2200 bps improvement in the business' EBITDA margin in FY24 vs. FY23.

Now let's move on to the fashion vertical.



Our Fashion GMV for FY24 was Rs. 3,385 crores up from Rs. 2,681 crores in FY23, witnessing an incredible 5-year CAGR of 161% and an annual growth of 26% in FY24.

This has been driven by over 3 million unique transacting customers, with an AOV of 4300+.

In 2018, we launched Nykaa Fashion with two key insights: the immense potential of the fast-expanding fashion market, and the growing demand among Indian consumers for a more trend-focused, premium shopping experience—one that moved away from the prevalent discount-driven approach.

We have remained steadfast in our focus on delivering on this proposition for the Indian consumer. Our focus this year remained adding unique, high quality and premium product assortment and developing strong on-site discovery for our customers.

Nykaa Fashion today holds approximately 15-18% of the Women's premium online fashion market, having served over 6 million customers.

Our focus and efforts are visible through the fact that we are: The second-most preferred platform of choice amongst consumers for online fashion and the number one most preferred platform of choice for latest trends and style.

We also observe the highest average order values in the industry, twice the industry average and our share of new season sales is highest in the industry.

Here are some of our key propositions which showcase the strength of our assortment

- Global Store brings the latest in global fashion to Indian consumers, and grew 31% year on year
- Hidden Gems brings niche homegrown labels to the forefront and grew 54% year on year
- First in Fashion curates the latest fashion collections for our consumers, and grew 51% year on year, contributing 24% to our GMV

Each of these propositions drives our fashion-forward positioning and help drive our “Stay Stylish” motto.

We are thrilled to announce our exclusive online partnership with Foot Locker, positioning Nykaa Fashion as the sole e-commerce partner in India. Footlocker is one of the most popular multi-brand sportswear retailers in the world.

Nykaa Fashion will not only be the exclusive e-commerce partner for Footlocker but will also launch and manage Footlocker's own website in India.

This collaboration will bring an offering a premium curated assortment of footwear, apparel, and accessories to Indian consumers and we expect to go live in the coming months.

Here is a short video showcasing Footlocker and why we and so many consumers are excited for their launch in India.

This partnership is in addition to our existing successful partnership with Revolve and further strengthens Nykaa Fashion's commitment to delivering high-quality, global brands to our customers.

As we continue to scale, we have witnessed significant improvements in our business unit economics with a step function change in FY24, through an EBITDA margin expansion of 640 bps in FY24 vs. FY23 – driven through improvements in fulfilment expenses, marketing expenses and scale efficiencies.



Nykaa Fashion over the last 5 years has been built in a capital efficient manner and has continually shown consistent improvements in its profitability.

Next, I would like to talk about our technology, which powers everything we do at Nykaa.

I would like to highlight a couple of initiatives

First, our AdTech.

Today, Nykaa has developed the capabilities to support brands with flexibility to advertise across the funnel, depending on the varied objectives across the awareness, consideration and conversion pools.

Our comprehensive AdTech infrastructure allows brands to self-serve their goals & objectives – right from setup all the way to final reporting, - this allows Nykaa to cater to brands at scale

From the consumer side, we are able to match the right ad to the right consumer through sophisticated Ad selection models while also ensuring that brands can drive the right return for their ad spends.

These models are powered through a vast number of data points spanning user personas, engagement behavior on the platform, purchase behavior and much more.

Next, with the rise of generative AI, Nykaa is integrating and leveraging its power across the discovery and purchase funnel in order to further support customers and empower their decision making and purchase decisions.

Here are examples of how we are enriching that journey through AI – improving the navigation of ratings and reviews, driving product recommendations as well as supporting in driving early trends.

Next, I want to take a moment to speak about ESG at Nykaa and its role in the larger ecosystem.

Everything we do as an organization, big or small actions, business or otherwise, are finally are driven by our values.

We aim to drive the right culture and values across our teams and people and I am proud of the integrity, strong work ethic and holistic thinking displayed by each Nykaaite in our company.

The Nykaa ecosystem spreads far and wide – across brands, suppliers, vendors, and much more – to create the unique proposition that Nykaa offers.

Along with driving direct employment for over 11,500 people - We are incredibly proud of ability to support and be a part of the journey of many more individuals and small and medium enterprises – such as beauty creators, independent beauty professionals, vendors, suppliers, independent retailers through Superstore – and many more.

We have taken significant efforts to drive operational efficiencies to create a positive environmental impact.

Our bold 10x10 plastic reduction initiative continues to find success through innovative means of combining packages from a single order, changing materials used as well as quantity of packaging materials per order.

I am happy to share that we have made significant strides in this area with almost 85% of packaging materials coming from sustainable materials in FY24.



We have also recycled almost 407 tonnes of plastic in FY24.

In the Superstore business, we re-use packaging materials we receive from brands to further fulfil orders to retailers. We reused over 1 million brand boxes to fulfil orders in FY24. Meanwhile, for damaged boxes we convert them into hexcush to further reduce dependence on plastic as well as additional paper.

Our 'regional fulfilment' strategy which I spoke of earlier, not only serves the customer need of faster delivery but also reduces the last mile carbon footprint by getting closer to the customer as well as reduces the number of shipments required per order, directly reducing our packaging material consumption

Even with a fast-scaling organization, we have been able to build a diverse and inclusive workforce.

Women constitute 45% of our employee base – with representation at all levels. We ensure we also drive gender pay parity – at every level, within every function.

Nykaa is also an incredibly young organization with 78% of the employee base under the age of 35.

We have been recognized as a progressive place to work by Economic Times and take pride in our mission towards inclusivity and believe the diversity of our people is a key strength of our organizational effectiveness.

The Nykaa Foundation, our CSR arm focused on multiple initiatives, driven primarily to support and focus on the most vulnerable communities – with our efforts spanning education, training, children's health and more.

We have partnered with Rangeet to empower youth of the country through holistic education. The app based learning program has already benefitted over 20,000 students.

We have also partnered with Sambhav foundation to help marginalized young women upskill and enter workforce. This initiative has already benefitted 800 women who trained as skilled beauty professionals.

Here are some more of the key initiatives undertaken by the Nykaa Foundation.

Moving ahead,

I would like to share some thoughts on the industry.

Today, owing to significant developments in the physical and digital infrastructure in the country, digital penetration has widened tremendously.

With over 800 million active internet users, we are witnessing a significant portion of the population online today.

However, when we look at the ecommerce penetration as well as the penetration of online shopping – there is significant headroom for India

As the GDP of our country continues to grow, we expect consumption of both beauty and fashion categories to grow at a faster pace.

The beauty industry has grown rapidly over the last 15 years from being a market size of just \$5 billion dollars, to now becoming a \$20 billion market today. We are proud of the role that Nykaa has played in building the beauty market in India, while also building the India digital market from the ground up.



We expect the Indian beauty market to grow faster in the 15-year period till 2037 at a CAGR of 11% as compared to the previous 15-year period of 2006 to 2022. This will lead to a market size of over \$90 billion. Out of the \$90 billion, we expect \$40 billion to be online, which alone would be twice the size of today's overall beauty market – online or offline

Hence, India is emerging as one of the fastest growing beauty markets in the world

We are also seeing the consumer's BPC consumption shifting from personal care to beauty, which key beauty category expected to grow much ahead of overall BPC for the next 15 years

India today resembles where China was in 2007 from a GDP per capita as well as Beauty consumption perspective – and if we extrapolate that to today, then China's BPC market today can give a glimpse into India's possible future 15 years hence.

In the future, we can expect the ecommerce penetration for beauty to increase to a whopping 45%, close to half the entire market.

We can also expect a much faster growth in the premium beauty category, where the current share for India stands at only 5% vs 38% for China and 29% as the world average.

For fashion,

We expect the overall fashion market to grow at 11% CAGR till 2030, becoming a \$200 billion dollar market, with \$50 billion online.

The online market today stands at just \$14 billion and hence is expected to grow much faster at a CAGR of 20% till 2030.

Within this, the premium fashion market is expected to grow to \$10 billion by 2030, growing over 3.5x from where it stands today.

Hence, the opportunity in fashion continues to be immense.

As I conclude, I cannot help but reflect on how far we have come as a company in a short span of time.

The digital transformation we have witnessed in the past decade has been incredible and unprecedented. Nykaa has been at the forefront of this rapid change building on combined opportunity that was presented by the growing categories, the aspirational and adventurous millennial and gen-z populations, the advancing technologies and rapid digitization of how we interact and engage with commerce. Nykaa has pioneered a unique customer connect in ecommerce in India through a 360-degree marketing strategy including newer modes of driving engagement such as livestreams, wide influencer network through our affiliate program and much more

As we look ahead, I am excited about what the future holds for Nykaa, what we can achieve and be for our consumers.

As a retailer, we now operate robust platforms of scale, and we are able to drive truly unique experiences – for both brands as well as consumers.

Today, millions of consumers interact with us billions of times in a year across touchpoints and across our platforms. With the rapidly evolving power of personalization, we are excited about how we will reshape discovery, browsing and shopping journeys – while tailoring for and catering to the specific needs of every individual consumer.



At the same time, this level of hyper-personalization when combined with our vast consumer base will allow brands to be able to cater to the specific needs of niche consumer segments meaningfully, and hence Nykaa is poised to be the platform of choice for brands of all sizes and scale.

As the largest physical beauty retailer in the country, we will continue to build on our network across the length and breadth of the country, going closer to the consumer while also driving industry-first innovation to cater to customer delight as well as bring brand partner storytelling to life.

Our owned brands business today operates as a large-scale standalone consumer brands business and the success we have found in building and scaling brands - across categories, price points, distribution models as well as positionings – has come from years of deep expertise as well as the right infrastructure. This proven model and playbook will allow us to continue to scale and grow our existing brands as well as build new brands from scratch as well as drive growth through acquisitions.

I am a big believer of vertical ecommerce, and both beauty and fashion are categories which are about building aspiration, driving education and facilitating the right discovery needed to drive inspiration and purchase.

From the very start, we had the conviction that these elements of discovery, along with curating the right assortment through an endless aisle and giving consumers the best of what the world has to offer as well as facilitating convenience of purchase and delivery are the key drivers of ecommerce.

We are proud of the fact that we have been building our business in a way that serves the long term interests of the beauty and fashion industry.

We will continue to work towards building the long-term growth drivers of our business, while also putting in place the required operational efficiencies – to drive the efficient and right use of our capital.

As we close another remarkable year, I would like to take this moment to express my sincere gratitude to all of you and on behalf of the company, I would like to thank all the shareholders, investors, partners, suppliers, Nykaaites and customers, for your unwavering faith in Nykaa and your continued support. Together, we will continue to build the future of beauty and fashion in India and beyond.

Thank you so much.